

Fund	<b>Income</b>	Investment Geographic	<b>International</b>
Size (net)	<b>\$3,160,736.50</b>	Minimum Investment	<b>\$5,000; \$200 Month</b>
Fund Manager	<b>Socrates Fund Management</b>	Management Fees	<b>0.50%</b>
Fund Administrator	<b>MMC</b>	Performance Fees	<b>NIL</b>
Portfolio Manager	<b>Charles Drace</b>	Entry Fees	<b>2%</b>
Fund Type	<b>P.I.E. Unit Trust</b>	Investments	<b>Monthly</b>
Investment Strategy	<b>Commodity Bias International</b>	Redemptions	<b>Monthly; notify by the 15th</b>

Luckily the Income fund had some good bond exposure in New Zealand and Australia which weren't hurt by the rising NZ dollar. The foreign bonds were though. Our foreign bonds have an average yield of around 7% which is about .6% per month. When you get a 2.1% rise in the Kiwi dollar in one month it wipes that out three times.

As most share markets showed losses for the month most of our shares went down and often to the point of triggering a stop sale. The exception was the oil royalty funds which maintained their prices as well as their dividends in the face of a 11.6% drop in the price of oil. Our food and commodity base funds fell as food prices retreated and signs appeared of a weakening Chinese economy. Personally I think China will have great trouble maintaining their growth as the last two years the economy was supported by bigger government stimuli than even the US, as a percentage of their respective GDPs.

The only changes in the portfolio, other than what we were stopped out of and the small amount of short funds to replace them were: We bought the ATU 2014 bond which yields 10%. ATU is Germany's largest chain of automotive spare parts and service centres. This, along with our other foreign bonds, provides an excellent income stream when growth investments are falling.

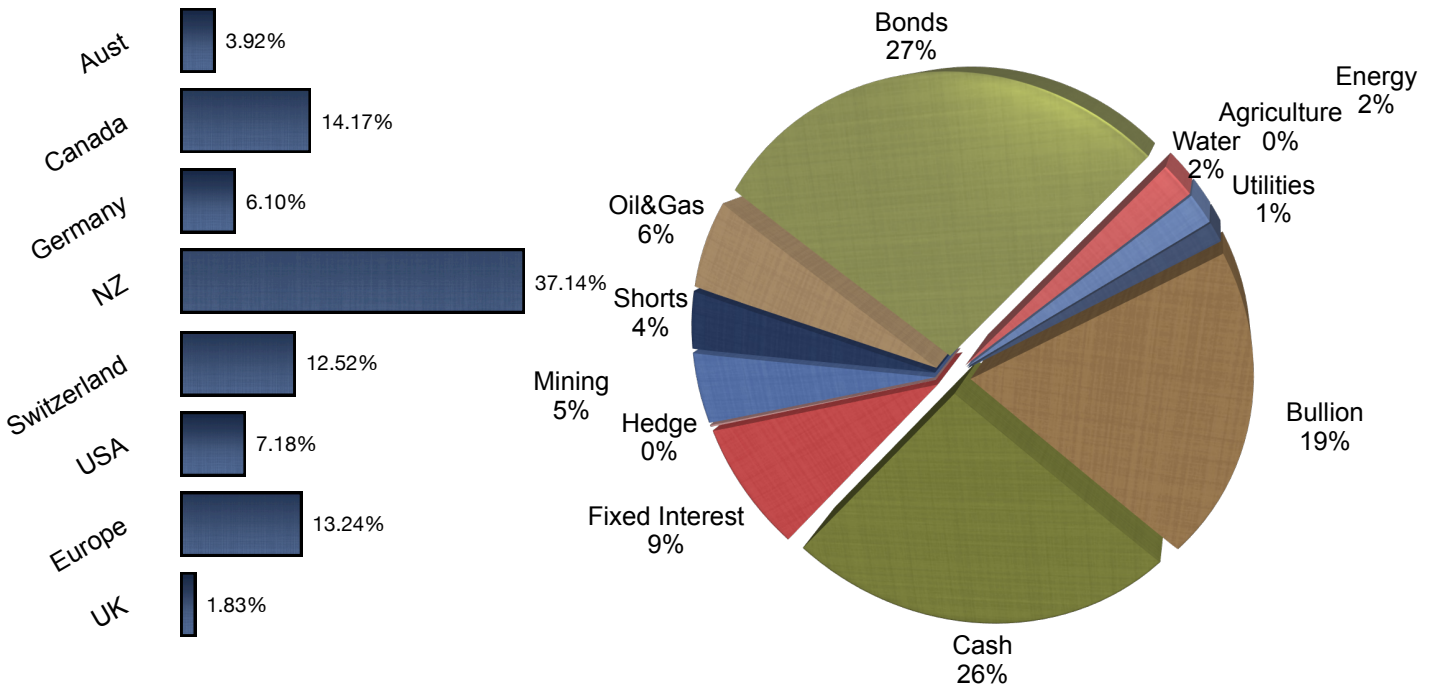
We also bought a short term double long silver price ETF in the hopes that after the recent major fall in silver we could capture some of the rebound. This worked well in March/April but, as silver hasn't yet rebounded, this time we were stopped out in mid-June for a small loss. Over the next month or so we expect markets to get weaker so we'll keep some powder dry for later when an upwards trend starts again.

**Performance to May 31st 2011**  
*After Fees and Taxes*

Month to Date	<b>-4.26%</b>
Quarter to date	<b>-4.02%</b>
Year to Date	<b>-4.02%</b>
12 Month Return	<b>-7.46%</b>
3 Year Return	<b>-24.75%</b>
Since Inception (Annualised)	<b>-4.27%</b>

**Ten Largest Positions held in the fund**

Jyske Cash	Craigs Cash
NZ Post	iShares eb.rexxi Government Ge
ETFS Gold Trust Physical Swiss	Sprott Physical Gold Trust
Equitable Debentures	Prometheus
Aust Govt Bond 15/04/2012	Auckland City Council



May 2011	Apr 2011	Mar 2011	Feb 2011	Jan 2011	Dec 2010	Nov 2010	Oct 2010	Sep 2010	Aug 2010	Jul 2010	Jun 2010
\$0.7824	\$0.8172	\$0.8152	\$0.8206	\$0.7875	\$0.8105	\$0.8269	\$0.8008	\$0.8103	\$0.8094	\$0.7974	\$0.8323